

DEPARTMENT OF EDUCATION

Statement by

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Assistant Secretary for Postsecondary Education

Fiscal Year 2005 Budget Request for Postsecondary Education Programs

Mr. Chairman and Members of the Committee:

I am pleased to appear before you today to present the President's fiscal year 2005 budget request for the Office of Postsecondary Education. Our fiscal year 2005 budget supports a wide range of postsecondary education programs that prepare our Nation's workforce, including teachers, to meet the emerging economic, social, and international challenges of the 21st century.

The new century demands a different type of worker—one that is more highly educated, is better trained, and has a broader set of skills in a variety of areas. The difference between those who pursue higher education and those who do not has significant impact on employment and future earnings. Research has consistently shown that the unemployment rate for adults aged 25 years old and over who have completed at least a bachelor's degree (2.3 percent) is significantly lower than adults who have not completed high school (7.3 percent) or only completed high school (4.2 percent). The annual and lifetime earnings of bachelor's degree recipients are also significantly more than the earnings of those with only a high school diploma.

Our budget for postsecondary education supports the President's efforts to improve our Nation's economic competitiveness and to make a difference in the lives of America's working families by: providing access to all who wish to pursue a postsecondary education, whether full-time or part-time, 2-year or 4-year, diploma or certificate; increasing student aid for the neediest students; providing opportunities for students to gain international expertise and training in language and area specialties; providing funds to institutions of higher education to strengthen and improve their services to students;

and providing opportunities to institutions to design innovative programs to address issues facing postsecondary education today.

Higher Education Preparation and Access

Higher education increases one's opportunities in life. Whether a person wants to prepare for employment, retrain for a new occupation, or acquire additional skills to be more competitive, higher education is the key route to achieving these goals. From research we know that rigorous academic preparation and adequate resources to pay for college costs enhance success in postsecondary education. The Administration supports early intervention and strong academic preparation for postsecondary education and training through the Federal TRIO and GEAR UP programs.

Many of our Nation's youth are not being adequately prepared to enter postsecondary education or the world of work. The Federal TRIO programs address this issue by targeting students who have the potential to succeed in postsecondary education but who are at risk of not taking advantage of their potential. These at-risk individuals often do not understand their academic and career options beyond high school and need advice, counseling, mentoring and someone to show them the way. Our fiscal year 2005 budget for the Federal TRIO programs includes \$833 million to support existing projects that will serve approximately 881,000 students.

Over the last several years, the Department has been working to enhance the effectiveness of the Federal TRIO programs. To that end, we have increased the intensity of services in Student Support Services, Upward Bound, Upward Bound Math/Science, Talent Search, and Educational Opportunity Centers programs. We are working, and will continue to work, to improve the effectiveness of Upward Bound by targeting and retaining students most in need of services, and to improve the retention rate of disadvantaged students during their early years of college by providing grant aid through Student Support Services.

GEAR UP also prepares low-income students for postsecondary education or career opportunities. GEAR UP provides academic enrichment and college preparation programs to entire grades of students beginning no later than the 7th grade. GEAR UP is currently serving more than 1.4 million middle school and high school students. We are proposing \$298 million to continue support for GEAR UP, including a 6th year of funding for all projects initiated in fiscal year 2000. Our request would also support the evaluation of GEAR UP to assess program impact on long-range outcomes such as high school graduation and enrollment in postsecondary education.

The budget also provides funding for students who have shown the commitment to their education through enrollment in rigorous courses and high levels of achievement. Our proposal would provide \$81 million for merit- and need-based scholarships and fellowships to postsecondary students under the Byrd Honors Scholarship, Javits Fellowship, and Graduate Assistance in Areas of National Need programs.

Making College Affordable Through Student Financial Aid

The cornerstone of educational assistance in America is our student financial aid programs. Through our programs, an increasing number of people pursue a postsecondary education. This year, we estimate that our budget will assist nearly 10 million students in pursuing their dream of attending college by generating more than \$73 billion in student aid through grants, loans, and work-study funds.

The Federal Pell Grant and Federal Supplemental Educational Opportunity Grant (FSEOG) programs are an important part of our effort to enhance educational opportunity for recent high school graduates while, at the same time, making job training and retraining available to unemployed and underemployed adults. These two programs provide funding for our most needy students to acquire or improve their skills through training and education. A student who receives the maximum award in both programs under the President's budget would receive up to \$8,050 in grant aid to help meet the cost of postsecondary education.

We are requesting \$12.9 billion for Federal Pell Grants in 2005 and \$770 million in FSEOG. As shown in Table 1, Federal Pell Grants serve students at 2-year, 4-year, technical, and career postsecondary institutions, whether full-time or part-time, dependent or independent. The maximum Pell Grant award is \$4,050, and the maximum FSEOG award is \$4,000. The President's budget request fully funds the Pell Grant program for the 2005-06 award year, and the Administration expects Congress to do the same. However, I should note that the Pell Grant program is also expected to face a funding shortfall of \$3.7 billion by the end of the 2004-05 award year. This shortfall poses a serious threat to the long-term stability of the Pell Grant program, and the Administration is committed to working with Congress on a strategy to address this shortfall and put the Pell Grant program on a firm financial footing.

In August, upon announcing the results of the 2003 American College Testing (ACT) Assessment, ACT lamented the fact that too few students are taking challenging coursework in high school, while noting that their score results have consistently indicated that students who take four years of English and three years each of mathematics, natural sciences and social sciences are likely to fare better in college than those who do not. Encouraging States to offer these rigorous programs of study and rewarding students who take the challenge is a key initiative in President Bush's fiscal year 2005 budget. We were delighted to see Representative Burns of Georgia recently introduce HR 3894, the "Pell Grants Plus Act."

As part of the President's Jobs for the 21st Century initiative, a new incentive feature is being added to the Pell Grant program in order to encourage students to take rigorous academic coursework in high school. The Department intends to use \$33 million to increase a student's Pell Grant award up to \$1,000 for completing a rigorous academic curriculum, including three years of math and science, four years of English and social studies, and courses in foreign languages. We expect 14 States to participate in the first year of this initiative, including Arkansas, Connecticut, Indiana, Kentucky, Maryland, Mississippi, New Jersey, New Mexico, Oklahoma, Rhode Island, Tennessee, Texas, Virginia, and Washington. We estimate that 1.3 million students participate in a State scholars program in grades 9

through 12 across hundreds of school districts in the 14 States, and that 36,000 graduating seniors who are eligible for Pell Grants will receive an enhanced Pell Grant for the 2005-06 academic year.

In an effort to continue opportunities for low- and middle-income students our fiscal year 2005 budget includes \$999 million for Federal Work-Study and \$67 million for Perkins Loan Cancellations. To ensure continued funding of our most effective programs, the Department requests no funding for Perkins Capital Contributions and Leveraging Educational Assistance Partnerships (LEAP) in an effort to streamline operations and eliminate redundancy. Funding in the Perkins loan program is no longer necessary as repayments of existing loans into Federal revolving funds held at institutions are expected to provide over \$1 billion in new loans in the 2005-06 award year. In addition, only 1,900 institutions out of 6,500 participate in the program. While community colleges are the institutions enrolling the majority of low-income students, only 160 of the 1,900 Perkins program participants are community colleges. When you also consider the default rate for the Perkins Loan program, which is almost twice that of the huge Federal Family Education Loans program, I think it makes sense to stop investing new capital and instead focus our resources on programs with a broader reach.

Likewise, funding for the LEAP program is not requested because States are significantly exceeding the statutory matching requirement. This matching ability indicates that the States have enough resources to provide need-based grant and work-study aid to students without additional Federal assistance.

Aid to Institutions that Serve High Numbers of Disadvantaged Students

While providing students the financial means to attend college is important, ensuring that students attend high quality institutions is vital to their overall success. One way in which the Department of Education improves the financial, physical, and academic infrastructure of institutions is through the Aid for Institutional Development programs.

Our fiscal year 2005 budget request supports the President's continuing commitment to strengthening the academic programs and financial stability of the institutions that serve large numbers of disadvantaged students. We are proposing increased support for Historically Black Colleges and Universities (HBCUs), Historically Black Graduate Institutions (HBGIs), Tribally Controlled Colleges and Universities (TCCUs), and Hispanic-Serving Institutions (HSIs). Our budget would provide \$241 million for HBCUs and \$59 million for HBGIs to increase the capacity of these institutions to provide high-quality undergraduate and graduate programs to their students. In addition, Howard University, which has served African-American students since 1867, would receive \$239 million for maintaining and improving the quality of academic programs and supporting the University's 5-year strategic plan.

We are proposing \$96 million to support Hispanic-Serving Institutions. A significant educational achievement gap continues to exist between Hispanics, our Nation's fastest growing and youngest population, and non-Hispanic students. The increase we are proposing would help to expand and strengthen the academic offerings and increase the stability of institutions that provide postsecondary educational opportunity for large numbers of Hispanic students. The 2005 budget request fulfills President Bush's commitment to increase funding by 30 percent over the 2001 level for HBCUs, HBGIs, and HSIs.

Our fiscal year 2005 budget proposes \$24 million to strengthen TCCUs. These 32 institutions, which are primarily rural, enroll 20 percent of all Native American students. These institutions offer a broad range of degree and vocational programs that are many students' only means of higher education in areas that are geographically and culturally inaccessible. Within this amount \$12 million is for construction projects to enable TCCUs to upgrade their physical structures.

Our budget also includes \$81 million for the Strengthening Institutions program to improve the academic quality, institutional management, and fiscal stability of a wide range of postsecondary

institutions, the majority of them community colleges that serve significant numbers of financially needy students. We are also requesting \$6 million to support Alaska Native and Native Hawaiian-serving Institutions and \$9 million to continue support for the Minority Science and Engineering Improvement Program. These institutions play a vital role in enhancing the educational and vocational opportunities for minority and disadvantaged students.

We are also requesting \$7 million for institutional support to Tribally Controlled Postsecondary Vocational and Technical Institutions. This program is currently authorized under the Carl D. Perkins Vocational and Technical Education Act, but the Administration plans to propose that the program be reauthorized under the Higher Education Act (HEA) given its similarity to other institutional development programs supported under HEA.

Other Institutional Programs

The Administration's investment in international programs represents a commitment to promote international understanding and to strengthen our economic competitiveness and national security through preparing our future leaders in foreign languages and area and international studies. Our budget request includes \$104 million for the Department's 14 International Education and Foreign Language Studies (IEFLS) programs to equip Americans with an expertise of less commonly taught languages and cultures and enable the Nation to remain integrally involved in global issues related to the economic, defense, diplomatic, and security needs of our Nation.

The Fund for the Improvement of Postsecondary Education supports exemplary, locally developed projects that are models for innovative reform and improvement in postsecondary education. Our fiscal year 2005 budget includes \$32 million to support new and continuing projects in a number of priority areas as well as international consortia programs with Canada and Mexico, Brazil, and the European Union.

With respect to teachers, we are also requesting \$89 million to continue support for the Teacher Quality Enhancement Program. This program is designed to increase student achievement by improving the way our Nation recruits, prepares, licenses, and supports teachers.

Evaluation

We are requesting \$1 million for Government Performance and Results Act Data/HEA Program Evaluation to continue to collect and analyze performance data on higher education programs that will be critical as the Department prepares to measure the impact of the changes that will likely be made during the reauthorization of the HEA. A portion of these funds will be used to continue collecting data for the State accountability reports on teacher preparation programs required under Title II of the HEA.

Conclusion

Today, the economic strength of our Nation depends on the education and training of our citizens. They must have the necessary postsecondary educational opportunities, whether in a traditional college or in a vocational program, that will educate and train them for the majority of the jobs in our country. We believe our budget targets funds to the most critical areas in postsecondary education and honors the President's commitment to strengthen the Nation's workforce of the future.

My colleagues and I will be happy to respond to any questions you may have.

Table 1

Selected Characteristics of Pell Grant Recipients

Percentage of All Undergraduate Students Receiving Pell Grants
Academic Year 1999-2000

Characteristic	% of Students Receiving Pell Grants
<i>Intensity</i>	
Full-time	31%
Part-time	14%
<i>Age of Student</i>	
24 and under	22%
25-34	28%
35 and older	16%
<i>Dependency Status of Student</i>	
Independent	26%
Dependent	19%
<i>Control & Level of Institution</i>	
<i>Public</i>	20%
2-Year	17%
4-Year	24%
<i>Private, non-profit</i>	25%
2-Year	40%
4-Year	24%
<i>Private, for-profit</i>	52%

Source: 1999-2000 National Postsecondary Student Aid Survey

U.S. DEPARTMENT OF EDUCATION

Office of Postsecondary Education

Biographical Sketch

NAME : Sally L. Stroup

POSITION : Assistant Secretary for Postsecondary Education

BIRTHPLACE : Harrisburg, Pennsylvania

EDUCATION : Indiana University of Pennsylvania, B.A.
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EXPERIENCE:

2002-Present : Assistant Secretary for Postsecondary Education, U.S.
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2001-2002 : Director of Industry and Government Affairs for the Apollo Group
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1993-2001 : Professional staff member for the U.S. House of Representatives
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1981-1993 : Staff counsel, Senior Vice President of Legal Services and Chief Counsel
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